

Written Testimony of Kelly Hart
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Helena, Montana
Informational Witness for SB400

Hello, my name is Kelly Hart. I am the Domestic Violence Economic Advocate with Montana Legal Services Association in Helena where I help build financial resources for low-income Montanans.

Part of my role includes coordinating an outreach campaign on a free online tax filing program for free for qualified individuals. Between 2003 to 2006, this program has returned an average federal EITC refund of nearly \$1,700 to low-income Montanans. Through this program, Montana Legal Services Association has seen first-hand how important, but insufficient, the EITC is for Montana's working families.

Increasing the amount of the EITC refund for hard-working families is the right thing to do. The federal Earned Income Tax Credit has a proven history of lifting people out of poverty, and a large number of those people are children. The Center on Budget and Policy Priorities reports that the EITC is the nation's most effective antipoverty program for working families, more than other forms of public assistance including food stamps and TANF. Unfortunately, over 14% of all Montanans are still living in poverty and one in five children in Montana live in poverty.

The EITC helps working families. According to the Montana Department of Labor and Industry, not only are the working poor more likely to hold multiple jobs trying to make ends meet, but as a whole they are also earning less than workers who hold only one job. Specifically, 30% of workers earning between \$5,000 and \$15,000 are working more than one job. This means that they are spending more time away from their families and still cannot provide them with financial security. While the federal refund can do a great deal for these families, any increase can make their work that much more worthwhile.

A Montana EITC will also bring more money into local communities. Families who receive the EITC often use the refund for both immediate and long-term needs like paying for medical expenses, paying off debt, paying for rent for a few months in advance, or saving the money for future emergencies. The Annie E. Casey Foundation reports that "Tax credits make a substantial impact on the economies of local communities as EITC recipients circulate their refunds through the local economy, creating a ripple effect many times the size of the original refund. The money strengthens neighborhoods, assists small businesses, and spurs local economic development."

Hard-working Montanans should be able to support their families with their wages. The EITC will support your constituents and local economies, and lift hard-working families out of poverty. Help make work pay.